

PRESS RELEASE

Fayette County Commission

1:00 PM August 28, 2015

On Wednesday the Fayette County Commission was notified by our County Assessor, Eddie Young that several coal companies who recently filed bankruptcy hold the potential to cause a substantial negative impact on the current year's budget. These companies include Alpha Mining, Trinity Coal Corporation and Walter Energy. While the amount of the lost tax revenue will not be known for some time, we can identify the approximate amount of property taxes owed by these coal companies. The county will make every effort to maximize the restoring of this money.

The maximum amount could be as high as \$4 million. Of that amount approximately two-thirds would go to the Fayette County Board of Education. One third or approximately \$1.3 million would go to the general fund of county government. The county general fund currently is budgeted at \$10,180,000.

Over the past four years our budgeting process has been with full awareness of the declining coal industry and the financial impact that has had on county funds. However the recent bankruptcies are beyond anticipated revenue losses.

The loss of tax revenue will, at this time, only affect the general fund. The county's Coal severance fund, based on coal company sales, while considerably less than the general fund, has been declining over the past several years. Through continuing spending reductions that fund is solvent.

The current budget reflects a spending cut of approximately \$500,000 compared to last year's budget. Clearly budget reductions will now have to be increased significantly.

Given the severity of the potential revenue losses the county commission met this morning in a special session to review the present budget for spending revisions. We met this afternoon with elected office holders and department heads to share with them the potential revenue loss. We will have full cooperation from those responsible to carry out the daily activities of county government.

We would like to state that there will be no reductions in workforce, or salary reductions at this time. All offices and departments will eliminate non-emergency over-time. Capital spending will be reduced. In addition there will be a hiring freeze. Where possible, and to the extent allowable by law, general fund expenditures will be shifted to the Coal Severance fund. Coal Severance funds presently in reserve accounts for outside agency contingencies will be reduced, with funding approved only for emergency situations.

The county budget is a public document and specific spending reductions will be readily provided to any person who would like to inquire. The commission will periodically issue updates to this situation as revenue and expense changes are identified.

With the successful future planning and adjusting our budget we are confident that we will be able to continue to provide the services to the people of this county that they so deserve.